

## Message Text

CONFIDENTIAL

PAGE 01 MOSCOW 06946 101137Z

43

ACTION FRB-02

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 EB-11 INR-10

NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03 CIEP-02

LAB-06 SIL-01 OMB-01 SS-20 DRC-01 PRS-01 /124 W

----- 105120

R 101058Z MAY 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 8643

INFO USDOC WASHDC

C O N F I D E N T I A L MOSCOW 6946

DEPT PASS FEDERAL RESERVE BOARD

E. O. 11652: GDS

TAGS: OVIP (BURNS, ARTHUR F) ETRD, UR

SUBJ: FEDERAL RESERVE CHAIRMAN BURNS' VISIT TO MOSCOW

### 1. SUMMARY:

DURING TWO DAYS OF INTENSIVE CONVERSATIONS IN MOSCOW, FEDERAL RESERVE CHAIRMAN BURNS DISCUSSED BROAD RANGE OF BANKING AND CREDIT QUESTIONS WITH STATE BANK CHAIRMAN SVESHNIKOV, FINANCE MINISTER GARBUZOV, FOREIGN TRADE BANK CHAIRMAN IVANOV, AND WITH STAFF MEMBERS OF USA INSTITUTE AND INSTITUTE OF WORLD ECONOMY AND INTERNATIONAL RELATIONS (IMEMO). PRINCIPAL TOPICS COVERED IN CHAIRMAN'S TALKS WERE DOMESTIC AND INTERNATIONAL INTERBANK TRANSACTIONS, INCLUDING EX-IMBANK FACILITIES, INTERNATIONAL ENERGY QUESTIONS, VARIOUS BILATERAL ISSUES INFLUENCING EXPANSION OF US-USSR TRADE AND ECONOMIC RELATIONS. VISIT WAS HIGHLY SUCCESSFUL, NOT ONLY FOR PURPOSES OF IMPROVING SOVIET LEADERS' UNDERSTANDING OF USG ATTITUDES AND GETTING HOME TRUTHS ON PRACTICES OF US LENDING INSTITUTIONS ACROSS TO SOVIET BANKING COMMUNITY, BUT ALSO AS MEANS OF SUSTAINING MOMENTUM OF INTEREST IN DETENTE AND BUILDING PROMISING TIES WITH MAJOR SOVIET BANKERS THEMSELVES. END SUMMARY

2. IN COURSE OF SEVERAL HOURS OF DISCUSSION, FORMAL AND INFORMAL,  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 06946 101137Z

WITH GOSBANK CHAIRMAN MEFODIY N. SVESHNIKOV, BURNS COVERED

SOVIET BANKING PRACTICES GENERALLY WITH EMPHASIS ON CONSUMER FIELD, POTENTIAL SOVIET INTEREST IN JOINING BANK FOR INTERNATIONAL SETTLEMENTS, U.S. LENDING LIMITS AS ELEMENT IN US-USSR TRADE, OPPORTUNITIES FOR BILATERAL COOPERATION IN BANKING FIELD, MOSCOW NARODNIY BANK FUNDS BLOCKED IN US. INTER ALIA, SVESHNIKOV COMMENTED THAT GOSBANK CREDITS TO OTHER SOVIET INSTITUTIONS TOTAL ABOUT 80 BILLION RUBLES AT PRESENT (30 BILLION R TO INDUSTRY, 15-20 BILLION R TO AGRICULTURAL SECTOR, 35 BILLION R TO TRADING ORGANIZATIONS). CONSUMER LOANS, OF WHICH SIGNIFICANT ELEMENT REPRESENTS TELEVISION SET PURCHASES, EXCEED 2 BILLION RUBLES. GOSBANK EMPLOYS 185,000 OF TOTAL 300,000 TO 350,000 SOVIETS WORKING IN SOVIET BANKING INSTITUTIONS. ACCORDING TO SVESHNIKOV, SOVIET CITIZENS' SAVINGS ACCOUNTS DEPOSITED IN 70,000-UNIT NETWORK OF SAVINGS OFFICES (SBEREGATEL'NIYE KASSY) ACROSS USSR TOTAL SOME 70 BILLION RUBLES.

3. DURING HOUR-LONG MEETING WITH FINANCE MINISTER GARBUZOV, LATTER COMMENTED THAT SOVIET READINESS TO PROVIDE FINANCIAL DATA NORMALLY REQUIRED IN CONNECTION WITH EX-IMBANK LOANS CONTINGENT TO DEGREE UPON US PARTICIPATION IN SIBERIAN DEVELOPMENT PROJECTS. GARBUZOV ALSO STATED THAT FIRST THREE MONTHS OF CURRENT YEAR HAVE RESULTED IN TWO BILLION RUBLE SURPLUS IN PAYMENTS TO FINANCE MINISTRY AND THAT SURPLUS SHOULD REACH SIX BILLION RUBLES BY END OF YEAR.

4. TALKS WITH FOREIGN TRADE BANK CHAIRMAN IVANOV AND COLLEAGUES CONCENTRATED ON EX-IMBANK REQUIREMENTS AND SINGLE-BORROWER LIMITATIONS ON US BANK LOANS. QUESTION OF ESTABLISHMENT OF FOREIGN TRADE BANK BRANCH IN US ALSO AROSE, AND BURNS EMPHASIZED DESIRABILITY OF ACCREDITING MOSCOW OFFICES FOR ADDITIONAL US BANKS WHICH SEEK THEM AS IMPORTANT ELEMENT IN BUILDING MUTUAL UNDERSTANDING.

5. WHAT SOVIETS SEE AS FALTERING WILLINGNESS OF US ENTERPRISES TO ENGAGE IN MAJOR SOVIET DEVELOPMENT PROJECTS IMPLICIT IN IN TONE OF CONVERSATIONS GENERALLY. SOVIET SIDE EXPLICITLY RAISED US PARTICIPATION IN MAJOR SIBERIAN ENERGY PROJECTS IN ALL MEETINGS, AND BURNS POINTED OUT NEED FOR US TO REACH UNDERSTANDING OF IMPLICATIONS PROJECT INDEPENDENCE BEFORE

CONFIDENTIAL

PAGE 03 MOSCOW 06946 101137Z

LAUNCHING FORTH ON NEW INTERNATIONAL ENERGY PROJECTS. ALL ACTIVITIES ASSOCIATED WITH BURNS VISIT TOOK PLACE IN CORDIAL ATMOSPHERE, NOTABLE ESPECIALLY IN BURNS-SVESHNIKOV AND BURNS-IVANOV CONTACTS.

6. MEMCONS BEING POUCHED.  
STOESSEL

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CREDIT, PERSONNEL TRAVEL, BANKS, MEETINGS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974MOSCOW06946  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D740114-0698  
**From:** MOSCOW  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740558/aaaabzfx.tel  
**Line Count:** 114  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION FRB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GarlanWA  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 JUN 2002 by elyme>; APPROVED <11 FEB 2003 by GarlanWA>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FEDERAL RESERVE CHAIRMAN BURNS' VISIT TO MOSCOW  
**TAGS:** OVIP, ETRD, UR, FRB, (BURNS, ARTHUR F)  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005